Juggling Money in Yogyakarta. Financial self-help organizations and the quest for security

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Chapter Five - The Diversity of Financial Self-Help Organisations

"APEC [Asian-Pacific Economic Cooperation] (...) has merely been an arisan for the Ministers of Foreign Affairs, who have neither influence nor a clear vision." - Christianto Wibisono in the newspaper Suara Pembaruan of September 1996 in a critical article on the APEC-WTO meeting in Jakarta.

"In the first place, they build up an independent financial capacity, which broadens the economic room for manoeuvre of the participants. They also build personal and institutional capacities, which broaden their room for manoeuvre in the external direction." - Detlev Holloh (1995), discussing the significance of Indonesian financial self-help groups for development policy.

These two quotes express quite different views on the essence of financial self-help organisations. In Wibisono's terms, an arisan is not much more than a pointless hen party. His quote is very much in line with most of the immediate reactions I received from Indonesians when I said that I was conducting research on arisan and simpan pinjam to assess their importance for social security. These organisations, most of them said, have only a social function. Their purpose is to make people meet. Holloh's quote is typical of what more and more people in the world of development organisations and Microfinance programs are saying. In their minds, these groups are potentially fruitful local economic institutions, which have to be incorporated into development projects.

Neither the view of Wibisono, nor Holloh's, is incorrect. Both types of institution can be found in places like Bujung. Wibisono and Holloh pick out the element with the specific characteristics that they need for their argument. It is the purpose of this chapter to go beyond the stereotypical imaging, and to show the complete array of financial self-help organisations as can be found among the inhabitants of Bujung.

The chapter starts with a discussion of the history of Indonesian financial self-help organisations, of which we have seen two particular examples in

1 Translation by the author.
the previous chapters. It continues with an overview of self-help organisations in Bujung, in which attention is given to characteristics of membership, organisational set-up, background and activities. These organisations are categorised in such a way that they become more digestible for further analysis. After that, different sections deal with the issue of institutional transformation, confidence and control mechanisms, exclusion, and decision-making processes and power within financial self-help organisations.

5.1 The Origins of Financial Self-help Organisations in Indonesia

Describing the history of self-help organisations is a difficult task. Just as in many other countries, the financial self-help organisations of Indonesia have not left us with many detailed records of their activities. For most self-help organisations there was no reason to record their activities, and even today most self-help organisations in Bujung throw away or burn their books once they are full. The few associations that have their own archive, or which appear in government documents, cannot be considered as representative for the huge number of unregistered organisations.

As mentioned before, the first references to financial self-help organisations date from the end of the 19th century, when Dutch administrators were looking for indigenous foundations for the Popular Credit System (Volkscredietwezen; see also Chapter Four). Their attention was focused mainly on the village paddy banks or rice barns (loemboeng desa), which existed in many places. Apart from that, Cramer (1929:17) also mentioned a few other collective financial arrangements, such as funeral societies, loemboeng miskin, and sinoman associations. It is remarkable that no reference is made to arisan and simpan pinjam, the dominant types of financial self-help organisation in contemporary Indonesia. It might be true that these institutions were not yet in existence, but their absence from these reports may also be caused by colonial administrators’ scanty knowledge on the indigenous economy, or their general focus on rural areas.

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2 Besseling (1919:12) claims that the loemboeng desa was not indigenous to Java, and that the institution was introduced by the colonial government. He also claims that the Protestant mission introduced the loemboeng miskin as a charitable institution for the poor.

3 The sinoman associations were related to ritual celebrations, for instance weddings and circumcisions.
A second source of information is the work of John Ingleson (1996), who has described financial self-help organisations in the late colonial period. Based on newspapers and trade union magazines, Ingleson claims that in the late colonial era there were many mutual benefit societies in urban neighbourhoods and among workers. Their most common arrangement was a funeral fund. There were also some insurance and pension funds, unemployment insurance, and savings and credit institutions. Especially trade unions, but also Islamic and political organisations, tried to mobilise membership by adopting similar financial arrangements and linking existing societies together. Because they were easier to approach, such strategies were most effective with government employees. A particular success story is Boemipoetra 1912, a trade union for teachers, which over the years expanded its economic activities greatly. After independence it came to be one of the biggest insurance and investment companies of Indonesia. According to Ingleson, most mutual benefit societies followed that same path of development, expansion and commercialisation.

It is only after independence that information starts to appear based on anthropological fieldwork. Stanley first mentioned a ROSCA-type organisation called *paketan* (1960, upon citation by Geertz, 1962:443). Better known are the studies of the Modjokuto project (Geertz, 1962; Dewey 1962:100; 1964:253-4; and Jay, 1969:416-9 and 429-30), the fieldwork of which dated back to the early 1950s. In the villages, Geertz observed *arisan* among neighbours, both with a financial and with a social objective. In the city, Geertz saw *arisan* for women and children, *arisan* as part of social organisations and market *arisan*. Dewey described market *arisan* as well. Jay distinguishes between *arisan* organised by individuals (typically rural), and *arisan* linked to bureaucratic national organisations (the urban style).

In the decades that followed, the list of references to Javanese financial self-help organisations in the anthropological literature started to grow.

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4 Strangely enough, the kind of mutual benefit societies that Ingleson describes to have been widespread in the urban *kampung* of Indonesia before independence hardly resemble currently existing associations. Today, the basic form is *arisan*, only a few of which are carefully expanding into the provision of loans and even more carefully into the provision of insurance. Dwianto (1999:9-10) mentions a reference to a ROSCA-type organisation in West Sumatra called *julo-julo* and dating from 1926. According to Hospes (1996:151) this name was still being used in Sumatra in the 1960s, after which it made way for the term 'arisan'.

5 It is not clear whether both types distinguished by Jay existed exclusively in villages and cities respectively, or that Jay interpreted them as representatives of the culturally separated 'rural' and 'urban' worlds.
bigger and bigger, discussing social *arisan*, commercial *arisan*, market *arisan*, private *arisan*, elite *arisan*, *arisan* RT/RK/PKK, descent group *arisan*, office cooperatives, *arisan* pengajian, school *arisan*, *arisan* for traders, teachers and pedicab drivers, and ethnic *arisan*, rice *arisan*, special purpose *arisan* (for *selamatan*, houses, durable goods).\(^6\) What should we not think of the stories of *arisan* among wealthy women in Jakarta where the kitty consists of a handsome young gigolo (Van Leeuwen, 1997:60)? These accounts give the impression of an increased diversity of financial self-help organisations. They are found in all social classes, in urban and in rural areas, and among women and men.\(^7\) Only Guinnes (1986), Kuroyanagi (1996), Nugroho (1997), and Cederroth (1995) mention *simpan pinjam* or similar arrangements. In most other studies they are remarkably absent, indicating this to be a recent phenomenon.

### 5.2 Bujung's Self-help Organisations: towards a localised typology

One could say that each financial self-help organisation (SHO) is unique in itself, considering the characteristics of the members, the various financial arrangements within these associations, the size of the contributions and disbursements, and so on. Any form of lumping together all the associations of Bujung into a small number of categories would not do justice to the facts. However, if the purpose is to analyse different aspects of financial self-help organisations as a social phenomenon, it would not be useful to do this for every single association. Therefore, it is necessary at this moment to

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\(^7\) In other countries financial self-help organisations, and especially ROSCAs, also seem to be slightly more popular among women than men (Smets, 1992:11-2; Ardener and Burman, 1995; Bijnaar, forthcoming). Bijnaar observes for Surinam that men's ROSCAs are more often connected to the workplace, and women's ROSCAs to a network of friends.
introduce a basic typology. In this case, I would argue that there are two factors that are particularly important for highlighting the aspect of social security in Bujung’s financial self-help organisations. First, there is the distinction between self-help organisations with small contributions and those with large contributions. Secondly, there is a distinction between self-help organisations where the emphasis lies on financial activities and those with emphasis on non-financial activities. In this respect, some Bujungese made a distinction between ‘social’ self-help organisations and self-help organisations where the meetings were more business-like (sakelek). These factors tend to correlate with different collective goals and orientations, different decision-making processes, different options for individual participants, and different relations between participants.

5.2.1 Social SHOs

A first cluster of financial self-help organisations could be termed the ‘social SHOs’. These organisations work with small regular contributions and have an emphasis on non-financial activities. Many of these social SHOs are typical kampung organisations, linked to the RTs and RWs, to the PKK (Family Welfare Program), or any of the other kampung activities. Such organisations already existed in the 1950s. In those days there were reportedly social funds in most RTs, cooperative shops and an arisan Gerwani. The arisan Gerwani was an organisation for all the women in Bujung, under the wings of Gerakan Wanita Indonesia, a women’s
organisation affiliated to the Indonesian Communist Party (PKI). As with current PKK-organisations, this arisan worked with small contributions so that all women in the kampung would be able to participate. The cooperative shops were reportedly associations of which every inhabitant of Bujung was automatically a member, where people could buy foodstuffs at lower prices. These foodstuffs were purchased through subsidised government channels. Both arisan Gerwani and the cooperative shops disappeared together with the communists after 1966, but the basic form and character arisan Gerwani can be easily recognised in the various RT- and PKK-organisations that exist today. In the meantime, the RT-organisations only started having regular meetings with arisan and simpan pinjam arrangements late in the 1970s. Shortly before that time, early in the 1970s, PKK-organisations had been introduced all over Indonesia, including in Bujung. In the 1980s many RTs also started accumulating construction funds for improving bridges, roads and sewers in their own areas.

A first example of a kampung-based social SHO is a Dawis-organisation in the Ledok, consisting of twenty-two women who meet once every month at the house of one of the members. At the meeting they discuss various messages that the chairwoman receives from the higher levels of the PPK organisation of which Dawis forms a part. Originally Dawis was an organisation set up all over Indonesia on the instructions of the government, for the purpose of keeping the living environment clean through collective effort. The Dawis organisations in Bujung are not the basis for cleaning operations any more, and it is doubtful if they ever were. As a social occasion, they are quite popular among the members. Most of these women attend the meetings and really enjoy each other's company for a full hour or so. This Dawis group in this RT has a wide variety of arrangements. There is a small arisan, a small simpan pinjam, a social fund, and a small lottery (doorprize). The simpan pinjam provides loans of up to Rp.70,000, which have to be repaid at an interest of Rp.5,000 per month. Apart from that, in

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10 For an analysis of the history of Gerwani, see Wieringa (1995).
11 An older inhabitant of Bujung said that the communist leaders pressured all women to join this arisan, but that he forbade his wife to do so.
12 Norma Sullivan (1983) analyses the PKK program as an ideological program of the state, aimed at redefining and reshaping the traditional role of Indonesian women, keeping them in the house and out of the public domain. As far as I know, and this can also be concluded from Sullivan's essay, there are no top-down instructions for PKK-organisations to include arisan and simpan pinjam in their activities.
13 Dawis is the acronym for Dasa Wisma, meaning ten houses. In reality, one group is usually made up of women from around forty households.
1999 they started with a large *arisan (arisan ageng)*, participation in which is not obligatory. Oddly enough there are also some non-members who participate in this *arisan*. They do not attend the meeting and arrange their payments with the treasurer before the meeting.

Each RT has one, two, or three Dawis groups, depending on the size of the RTs. These organisations are quite similar to three other obligatory groups that can be found in each RT, the men’s *arisan*, the women’s *arisan* and the youngsters’ *arisan*. In the whole of Bujung there are around seventy-five RT-organisations. Generally all these groups have sets of financial arrangements similar to the Dawis group described above. The contributions in the youngsters’ *arisan* are substantially smaller, because most of them have no jobs.

A remarkable practice in the men’s and women’s RT is the *jimpitan*, which requires contributions in rice. The women usually bring rice to the monthly meetings, but with the men it is a little more complicated. Each evening one of the men does a round of the houses of the RT, to check if everything is safe. At each house he finds a small tray with rice, which he empties in a plastic bag. Every three months, the rice saved in this way and contributed to the RT is sold at the monthly meeting, below the market price. Who is entitled to buying the rice is determined in the same way as the sequence of the *arisan*, through a lottery (*kopyok*). The money thus collected forms an important part of the Sawalan fund, used to finance a collective meal at the end of Ramadan.

The Arisan Pengurus RW is the name of the monthly meeting of RT-leaders of the RW at the beginning of each month. The meeting is attended by the chairman, secretary and treasurer of the RW, the chairman, secretary and treasurer of each of the six RTs and the chairwoman of PKK RW. This means that there are twenty-two participants. The main purpose of this meeting is to exchange information to and from the RTs and to co-ordinate activities. In order to make sure that everybody attends the meetings, a small *arisan, simpan pinjam* and social fund were set up. At one of the meetings I asked the person next to what he planned to do with the money if he got the *arisan*. He replied: "What can you do with Rp.10,000? This is just to ensure that people attend the meetings, just like the food that is here. That also attracts people." Similar meetings are held in the other three RWs of Bujung.

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14 In several RTs, the contributions in rice have been replaced by contributions in cash, though the word *jimpitan* continues to be used.
Unlike the RT-meetings, the language at these meetings is Indonesian instead of Javanese.

The Hansip (Pertahanan Sipil, or civil guard) is a voluntary organisation dealing with ordinary security problems within the kampung. Whenever there is a funeral, wedding or festivity, these men in their green uniforms control traffic and keep an eye on any frivolous youngsters. Most of the men are Ledok labourers and they are rewarded for their services with free cigarettes and an occasional small tip. Like many other social organisations, like Bujung's gamelan orchestra and the local theatre group, they have set up an arisan in order to make members attend the meeting. But at this meeting the members decided together that the arisan they organised could also serve as a savings mechanism, and so they raised the monthly contributions to Rp.10,000. This is considerably more than the symbolic amounts in other organisations. Each month, Rp.10,000 is deducted from the kitty to be put in the social fund. This fund is used for donations when there is a funeral in the family of one of the members, but is also used to save for new uniforms and other group expenditures.

There are yet other types of social SHO within the kampung. In the early 1980s a number of men who had recently moved into Bujung, most of them civil servants, decided to try and bring new life to Islamic activities in the kampung. Over the years they started a number of pengajian groups, in which participants pray together and receive religious education. The groups were linked to Muhammadiyah, one of the two biggest Islamic organisations in Indonesia. In order to "keep attendance at a high rate, but also to help poor people who would otherwise depend on moneylenders", they organised a simpan pinjam called Sirkah. The financial arrangements of Sirkah are distinct from what is done in other simpan pinjam. For example, no interest is charged because this is not allowed in Islam. Furthermore, the organisers of this simpan pinjam pride themselves on not being strict about repayment. There is no time limit within which the loans have to be repaid, and if members do not repay their loans, nobody will press them to do so. "In the end it is their own responsibility whether they are honest and responsible or not." Apart from Sirkah, Bujung's pengajian groups have their own collective financial arrangements, though most of them only organise a simple arisan with tiny contributions.

15 These rules originate from the Islamic principles of finance (Shipton, 1994:297-311; Smets, 1999; Stiansen, 2001). In spite of the fact that most Javanese are Muslims, Islamic finance is still poorly developed.
A rather exceptional organisation is Pamanmubu, which stands for Paguyuban Mantan Pemuda Bujung (Association of the Former Youths of Bujung). At this moment they have around thirty members, who meet every month. The association resembles a Rotary Club in many ways. The original members were leaders of the local youth organisation Karang Taruna, who wanted to continue their meetings after they married. After a while, they also started inviting newcomers into their midst, preferably educated civil servants, prominent religious figures and socially active people. The secretary of Pamanmubu explained to me that the association should be seen as a nursery for local leaders, in order to replace the current leaders when they resign. Pamanmubu is on the one hand concerned with activities for the members themselves, such as picnics, selamatan, a small arisan, simpan pinjam and a social fund, but also with social activities for the poor. Pamanmubu manages a funeral fund, which disburses a certain amount for each funeral in Bujung. The money for this funeral fund is derived partly from contributions of members, and partly from the collective payment of electricity bills. During the peak of the financial crisis, they twice organised provisions of cheap rice for the local poor. The most ambitious program was a loan fund that was aimed at providing cheap credit to the poor, to liberate them from usurious moneylenders. However, the program collapsed because of high default. About this failure, one of the members says: "We do not really understand why they do not repay our loans which bear much less interest than loans from moneylenders. (...) We do not want to put too much pressure on people to repay their loans, because we feel a pain in our hearts when we have to do that. We will not threaten to take their belongings away, as some moneylenders would do. That is not according to Javanese custom. (...) On the other hand, it is of course also Javanese custom that you repay a loan when you have money for that." The members of Pamanmubu eventually concluded that they had been too lenient towards the debtors, but still they did not want to change their policy: "It is always better to have a friendly simpan pinjam which is in trouble, than a harsh simpan pinjam which works smoothly." At the moment they are considering the idea of establishing a cooperative shop, where foodstuffs can be sold at a cheaper rate. There is still some discussion on whether this should be done in the form of a business activity, or as a social activity to help the poor.

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16 For this, one of the members collects electricity bills from members and non-members, which are then paid all at once at the post office. For each bill a small fee is asked, which is then paid to the funeral fund. Many people are happy to make use of this service because it saves them queuing for a long time at the post office. This form of collecting money is also used by the local Islamic youth organisation.
Apart from neighbours and fellow kampung-dwellers, social SHOs are also set up among relatives. Bu Min is a woman from the Atas, and a distant relative of the Sultans of Yogyakarta. In her family, as in many other families related to the Sultan, an arisan trah is organised ("trah" is the Javanese name for such a descent group). The group meets every three months at the house of one of the family members, where they make contributions to an arisan and a funeral fund. The meeting takes place at the house of the member who won the arisan at the previous meeting. This person has to provide food and drinks for the guests, and this way winning the arisan does not mean any financial benefit, rather the contrary. The meeting contains a very formal part where some senior members of the family give speeches, followed by a more informal part for the rest of the evening. This means time for exchanging family news, small talk, and gives the opportunity for people to ask favours from their family members. All in all, it is a very relaxed and plain social event, which is helpful in keeping the extended family together. The Javanese aristocracy originally started establishing trah associations in the early 20th century to keep track of descent group relations. Many of them disappeared during World War II and the Indonesian Revolution. Only during the 1960s did they also become popular among ordinary families17 (see also Koentjaraningrat, 1985:273; Sairin, 1982; and Seloesomardjan, 1962:124). I have identified thirteen arisan trah among inhabitants of Bujung. Most of them have their roots in Yogyakarta, and place emphasis on the social aspect with average contributions to the arisan of little more than Rp.1,000 per month.

Social SHOs also exist among fellow-workers, and Perbesta is a good example of this. Perbesta (Persatuan Becak Stasiun; Station Pedicab Association) is the organisation for pedicab drivers at the Lempuyangan railway station. Starting from 1997, a change in train schedules made a number of express trains stop at Lempuyangan, the second station after the main station, Tugu. As a result, the site became interesting as a permanent location for pedicab drivers. In order to organise this in a proper way, the local government and the director of the railway station licensed the site to a military officer. He approached a number of pedicab drivers from the Tugu station to start a group at Lempuyangan. Because Tugu was already rather crowded, the interest among pedicab drivers was high, and several Ledok Bujungese became members of this group. Having reached a size of one hundred pedicab drivers, the group is now closed for newcomers.

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17 One of my informants, a woman in her forties, remembered how her grandmother attended meetings of an arisan trah when she was still a child.
All pedicab drivers were required to pay Rp.15,000 as an entrance fee\textsuperscript{18}, of which the revenues were probably shared among the stakeholders of the site, and a daily contribution of Rp.100. This last amount is used for paying the daily rent of the site to the military officer. What is left is used as a social fund, from which uniform shirts were purchased and donations are given for funerals. Any remaining money is used at the end of the year for a recreational trip for the whole group. At the same time there are plans to use the fund as starting capital for a simpan pinjam. There is already an arisan with weekly contributions of Rp.500. A great advantage of having these financial arrangements in the group, and also of having uniform sweaters, is that there can be no misunderstanding over who belongs at the site and who does not. Non-members who want to pick up passengers at the railway station are chased away. Other social SHOs among co-workers are found at government departments, retail shops and in factories.\textsuperscript{19}

The social SHOs form the largest category of financial self-help organisations and the Bujungese participate in hundreds of these organisations inside and outside the kampung. Organisers and participants emphasise that their only function is to strengthen feelings of togetherness and to provide information. Nonetheless, there are a few self-help organisations in this category that have recently introduced bigger arisan arrangements as an extra attraction to the participants, a modification that signifies a transition to another type of self-help organisation. As far as they are kampung-based, these organisations can cross the border between Ledok and Atas. However, especially if the emphasis on the financial dimension is more pronounced, problems may emerge, as with Pamanmubu.

5.2.2 Private Arisan

The second category is that of the private arisan, or arisan pribadi. These self-help organisations have no meetings and the socialising aspect remains limited to a few minutes of chatting during the lottery. Most private arisan are situated in the kampung, but very similar arrangements are organised among colleagues at work. The financial contributions do not far exceed those in the social SHOs, but they produce bigger lump sums. There are a

\textsuperscript{18} Although some pedicab drivers outside the group say that the real amount must be around Rp.100,000

\textsuperscript{19} Another informant claims that pedicab drivers’ arisan organised by pedicab drivers themselves (like Perbesta) are a more recent phenomenon, dating from the 1970s.
few dozen private arisan in Bujung, which are popular both in Ledok and Atas. Most, but not all, participants are women. Several informants remembered that private arisan also existed several decades ago. Two typical examples are the arisan of Bu Dwianto and that of Bu Meni.

Bu Dwianto, the widow of a military officer, had once set up an arisan when she was living in the military camp. After she moved to Bujung she tried again. She started a number of years ago with monthly contributions of Rp.5,000 and twelve participants. Now, five cycles later, she has forty-two participants with a monthly contribution of Rp.10,000. A whole cycle takes three and a half years. The payments have to be made each month on the 11th. Most of the participants are Ledok people, living in the same RT as Bu Dwianto. For them, the kitty of Rp.420,000 means a significant amount of money. Among the participants there is also a handful of close friends of Bu Dwianto, all of them respected Atas women. Their main reason for participating is that they want to support their friend’s initiative. For them, the money is not very important. This arisan has only one meeting, at the beginning of the cycle. On this occasion the sequence is decided on. Bu Dwianto always gets the first turn. Places two and three are reserved for the two participants who finished last in the previous cycle. Then a lottery decides the rest of the sequence.

Bu Meni is a widow from the Atas. Some years ago she volunteered to organise an arisan, when she was discussing this idea with some neighbours. She first started with small contributions from a small number of women from her alley. Later her arisan became more popular and people from other alleys wanted to join as well, even people from the Ledok. Every Saturday afternoon there is a lottery at her house. Some of the participants wait to enjoy the excitement of the lottery, while others just pay the money and return home. If they win, Bu Meni, or her daughter, brings the money to their house. Instead of asking for the standard first turn of the cycle, Bu Meni joined the lottery like all other participants, on the condition that everyone should pay in an orderly manner. In spite of this, each week there are people who pay late, and sometimes she has to go to somebody’s house to collect the money, something which gives Bu Meni a lot of headaches, she says. In ten years this arisan has grown from a group of thirty participants and a weekly contribution of Rp.250 to seventy participants with

20 With this date, Bu Dwianto (who is/was an active supporter of Suharto) commemorates Supersemar, the beginning of the New Order period.
21 These ‘public arisan’ are more often started by an individual who needs money for himself, and for that purpose seeks others who can help saving.
a weekly contribution of Rp.2,000. Most of the participants are women, but there are also some men. Several participants have more than one share in the arisan and so draw the kitty more than once.

5.2.3 Public Simpan Pinjam

The third category is that of the public simpan pinjam, which do have a strong emphasis on non-financial activities, but at the same time provide substantial loans and require relatively large contributions. UKK is a good example of this type (Chapter Three).

Another public simpan pinjam is Guyub Rukun. In the early 1980s there was some discussion in one of the Atas RTs about what should be done with the simpan pinjam of the RT. Some people wanted to expand the capital so that they could receive bigger loans, while others were afraid of the financial burden that this might create. In the end, it was decided that there would be a separate simpan pinjam, independent of the RT-meeting. Tarjo and Barsul were the two men who joined forces and started the organisation. For many years it went really well; the amount of capital and the number of members expanded to seventy, even including people from outside the RT. However, suddenly some people started defaulting on their loans, and more and more members followed suit. Within a short period of time, the simpan pinjam broke down. Tarjo and Barsul were very disappointed and they wanted to quit, but a few members persuaded them not to. After a short pause the simpan pinjam continued with smaller loans and a small group of trustworthy members, ranging from home producers to university teachers. At monthly meetings, instalments are paid and loans are given.\(^2\) Once every year, in December, the dividend of the simpan pinjam is returned to the members, and a lottery is held with attractive prizes, such as food packages and kitchen utensils. Nowadays, Barsul’s main objective is to keep the organisation small, just twenty members, and to keep it under control. The members are a mix of men and women, rich and poor, and Atas and Ledok.

\(^2\) Loans in Guyub Rukun go up to a maximum of Rp.500,000, and the chairman holds the right of limiting the loan size for people whom he feels are not able to afford such large loans. All these loans have to be repaid in fifteen months. Those who have not yet fully repaid their debts are allowed to take out small additional loans if there is money left in the fund. These loans are never more than Rp.20,000 and have to be repaid in full at the next meeting.
Simpan Pinjam Tanggal 17 is a meeting for higher class, Atas, women in Bujung, which meets on the 17th of each month. This group used to be a PKK-activity, but some years ago they split off and joined the PWB23, to which UKK is linked as well. The atmosphere during the meetings is much more distinguished than at other groups. The conversation is refined and in a polite tone, discussing issues like morality, health and neighbourliness. Before the meeting, a few women often try to sell luxury items to the other members, such as massage oil or fine batik cloth. There are seventy members most of whom do not attend the meetings but have other members bring contributions and instalments to the meeting. The majority of the members consists of women older than fifty years. The loans that can be obtained are not very big, ranging from Rp.60,000 to Rp.200,000 (in exceptional cases up to Rp.380,000), and they form no financial burden for most of these women. Just as with Dawis RT 44, there is also a lottery (doorprize)24 in this group, with tea and soap as prizes.

I have been able to identify twelve such voluntary neighbourly simpan pinjam in Bujung, but there are probably more. A number of them are, like Guyub Rukun and Tanggal 17, derivations from RT- or PKK-organisations. A similar case is UKK, which has its roots in an arisan RK. Other simpan pinjam were independent from the beginning. The smallest of these simpan pinjam has twenty members, while UKK has more than two hundred. The size of loans ranges from Rp.100,000 to Rp.500,000. There is usually a funeral fund, but no arisan. Originally the public simpan pinjam were typical Atas organisations, but recently they have also been set up by Ledok residents. People from Ledok seldom participate in Atas simpan pinjam, and vice versa.

A different organisation that could be placed in this category is the arisan trah of Salman, a small trader, who is the chairman of one of the Ledok RTs. This is the financial self-help organisation of the descendants of Salman's great-grandmother started in the late 1960s. Every year there is a meeting after Sawalan, the holiday at the end of Ramadan, when around 300 families

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23 PWB stands for Paguyuban Warga Bujung, the organisation established by Suryono and others after the kampung of Bujung was officially split into three RWs in 1989 (see also chapter 2 and 3).
24 According to informants, this practice is derived from the American practice of giving small presents to guests at weddings as they enter through the door. The practice became popular in Indonesia as well, and was apparently transferred to arisan meetings as well. If this is in fact an influence of American culture, it suggests that the practice is quite recent.
meet. There is dinner for everybody and a party with a *dangdut* \(^{25}\) band and much more. Each family has to pay Rp.50,000 to join and an annual contribution of Rp.10,000 for the party and the social fund. The total fund of more than 15 million rupiah is lent out every year to ten families, 1.5 million per family. Lots decide who is allowed to borrow. The loan has to be repaid the next year with 2% interest. Half of the interest is used to pay for the party, and the other half is to increase the fund. Borrowers are expected to use the loan to improve their business. Everyone who has already received a loan is taken out of the lottery. The social fund pays 50% of the costs of hospital treatment, building a house, weddings, funerals, and other family celebrations. Salman's uncle, a Golkar representative at the provincial parliament, manages the loans and the social fund. This *arisan trah* works with unusually large amounts of money. Apart from the one described above, I only came across two other Bujungese who joined an *arisan trah* with such a commercial rationale. One of them was also based in East Java.

5.2.4 *Market Arisan*

Market *arisan*, or *arisan pasar*, can be found at all the marketplaces in the vicinity of Bujung. An example of a market *arisan* organiser is Bu Sehmi, a market trader who sells rice, soap and cigarettes in bulk at the nearby market of Karangwaru. Bu Sehmi organises a number of large *arisan* for fellow traders, but primarily for her regular customers, most of them owners of small shops and foodstalls. All of them are women. First, there is a normal lottery *arisan*. Before the cycle starts, participants can draw a number from a glass, which coincides with their place in the sequence of payments. There are 60 participants who each contribute Rp.1,000 per day. The kitty is disbursed every ten days. Bu Sehmi takes the first turn and asks an additional 1% from each kitty. Secondly, Bu Sehmi also runs three bidding *arisan*, called *arisan lelangan*. There are three groups. The first has 46 participants and a monthly contribution of Rp.100,000, meaning a kitty of Rp.4,600,000. The two others have 85 participants with a monthly contribution of Rp.75,000, and 120 participants with monthly contributions of Rp.30,000. Before the end of each month, each participant can hand in an envelope with a bid for the kitty. The person with the highest bid (or willing to accept the 'biggest damage', as she literally says), is entitled to receive the kitty. In the first months, the damage accepted is sometimes more than half

\(^{25}\) *Dangdut* is a particular style of popular music.
the actual value of the kitty. This way each month one, two or three participants receive the kitty, depending on the number of participants. The bid is deducted from the kitty and redistributed over all participants, who that way get a reduction in their contribution. As in the lottery arisan, the first turn is for Bu Meni herself. There are no meetings and most of the participants do not know each other.

Most market arisan require comparatively high contributions, on a daily basis. The kitties are equally large, going up to a few million rupiah. Participants are normally female traders, who shop at the market every day, and do not know their fellow participants. Participants can be found both among the Ledok and the Atas Bujungese. In general, people do not know their fellow-participants and the organiser is really like a spider in the web.

Accounts of several informants suggest that these types of self-help organisation have existed since people can remember, say the 1950s. Pak Slamet, a pedicab driver, for instance remembers that in June 1969 he received money from an arisan to buy a pedicab. "Sixty people joined this arisan and paid a contribution of Rp.50 per month. The pedicab cost Rp.2,500. In those days Rp.50 would be roughly the same as Rp.50,000 now." He says that he can remember this quite well because he used that same arisan a few months later to finance his wedding. The arisan was organised by a hardware trader from Bujung, who had a shop along the main road, a few kilometres to the south. All kinds of people in the street participated in this arisan, in particular itinerant traders and pedicab drivers. Slamet claims that arisan like that already existed in the 1950s, both in the street and in the kampung, and that the ones in the street were by far the biggest.

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26 For a more extensive discussion of the auction ROSCA, see Bouman (1995b:379-82).
27 Of course, it may be possible that these types of arisan came into existence after independence because of particular socio-economic developments around this time. However, before independence there already existed a considerable indigenous commercial sector, and especially the cities were firmly incorporated into the money economy. Before independence the existence of commercial arisan was no less logical than today, although they probably did not exist on such a large scale.
28 Strangely enough there were a few informants who held that market arisan were very recent and only appeared in the early 1980s. It seems unlikely that shop owners were already organising arisan in the 1950s and market traders not, the more so if market arisan have been observed several times by anthropologists long before the 1980s.
Koperasi Pegawai Negeri Kopen is the official credit cooperative at the office of Trisnadi, a civil servant from Bujung who works at the provincial department of information. Like many other cooperatives, KPN Kopen was started in 1967 when the government issued a law to stimulate the establishment of cooperatives in Indonesia. One civil servant in Bujung referred to this period as "the time of the cooperative wave". Nowadays, membership consists of all 196 employees of the department, who automatically become a member once they are appointed. Their contributions, in the form of voluntary and obligatory contributions, and the instalments on the loan are automatically deducted from the monthly wages of the members. The cooperative has its own office in the department building, which is open permanently during office hours. Members can take out loans of up to 3 million rupiah, if that money is available. Loans can be repaid over longer and shorter periods, with higher and lower interest rates, ranging from 1 to 2% per month. Since 1992, a new board has introduced various new financial services into the association, such as special loans for the purchase of motorcycles, loans for sudden needs, a pension fund, and an education scheme. For most of these services some form of cooperation has been established with public and private enterprises active in these fields. At the end of each year, part of the profit is distributed among the members in accordance with the level of their personal savings and the amount of the loans they took.  

Most civil servants in Bujung are members of similar office cooperatives. There are indications that civil servants were responsible for introducing the new financial technology of an accumulating loan fund into the kampung. Many accounts from local informants reveal that the civil servants were involved in establishing several public simpan pinjam in Bujung in the early 1980s, including UKK and Guyub Rukun. It seems plausible, therefore, that civil servants also introduced simpan pinjam arrangements into Bujung's RT-organisations in the 1970s.

Other credit cooperatives with an official legal status (badan hukum) exist for street traders (Koperasi Kaki Lima; Pushcart Cooperative), taxi drivers and restaurant owners. Furthermore, throughout the city there are a

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29 Alongside being members of this cooperative, many employees of this department also participate in various independent arisan among colleagues, with monthly contributions of up to Rp.10.000 per month, which is quite large bearing in mind the salary of most civil servants.
number of credit cooperatives that are not linked to a specific occupation or profession. Most of these rather exclusive cooperatives are also able to obtain attractive bank loans for their members. In many respects, Manunggal and the other financial self-help organisations linked to the PHBK-project fall into this category as well (Chapter Four). They lack the official legal status of the other credit cooperatives, but they do provide access to big lump sums and are organised for purely financial purposes.

5.3 Five Basic Types and Various Patterns of Institutional Transformation

It should be clear that the financial self-help organisations of Bujung are not static 'traditional' institutions. The self-help organisations that one can find in Bujung today are quite different from the associations that were there some forty years ago. Financial self-help organisations have been in constant flux and are a product of the ideas and activities of their participants (although not all participants have the same degree of influence). The participants have learned from the past, have been constantly confronted with new experiences in a changing world, and time and again have seen new opportunities and restrictions. As knowledgeable actors, they have been able to react and adapt their arrangements to what they consider opportune in their situation at that moment.

However, there are limitations to the degree of modification that can be made. People do not create financial arrangements, nor any other practice or institution, out of the blue. They grow up in a certain environment where parents, neighbours and others are engaged in specific types of financial arrangement. On that basis, each individual acquires knowledge of, and experience with, some arrangements, while other types remain unfamiliar. They can then try to adapt or transform these practices into a form that better corresponds with their own perceived needs, but new financial arrangements can only be a few steps away from previously existing practices. Collective financial arrangements require the cooperation of others. No matter how useful one thinks that a brand new set-up might be, other people will only be willing to become involved if they believe that the new arrangement will be honest and fair. Trust, or rather confidence, in financial self-help organisations is very much linked with (good) experience, and so a new initiative is more likely to get off the ground if it closely resembles what people already know. For example, if the organisers of a socialising-oriented arisan trah want to enhance the economic significance of their financial
Fig. 5.1: Five basic forms of financial self-help organisations

**Private Arisan**
- *Wasiran*
- *Hartono*

**Social SHOs**
- *Dawis*
- *Hansip*
- *Perbesta*
- *Pengurus RW*
- *Arisan trah Dono*
- *Sirkah*
- *Panamnubu*

**Public Simpan Pinjam**
- *Goyup Rukun*
- *Tanggal 17*
- *UKK*

**Market Arisan**
- *Arisan pasar Meni*

**Credit Cooperatives**
- *KPN Kopen*

**financial activities**
**big contributions**
* Rp.80,000/month*

**small contributions**
* Rp.0/month*
arrangements, they can transform the organisation by slowly increasing the size of the contribution, while continuing to have all the social practices in place. A sudden reorientation would be much less feasible.

The transformations we touched upon in the previous sections can either be termed ontogenetic changes or phylogenetic changes. Ontogenesis refers to the changes undergone by specific organisations during the time of their existence. Many financial self-help organisations do not remain at the same position in Figure 5.1 all the time. Over time, they may gradually place more or less emphasis on financial activities and raise or diminish their contributions. It is common for private arisan to raise the contribution after each cycle. Some social SHOs introduce additional financial arrangements, so that their orientation shifts from non-financial to financial. Guyub Rukun is a good example of how great these changes may be. It started as an ordinary social SHO, an RT-organisation, before it evolved into a more financially oriented 'public simpan pinjam'. When it grew too fast, it nearly collapsed and retreated to safer proportions, thus making a U-turn in Figure 5.1.

Phylogenesis refers to changes in the character of financial self-help organisations as a type of institution. This entails a much longer timeframe than ontogenetic changes, and is therefore more difficult to observe by means of anthropological fieldwork. Archival material is mostly absent. The story therefore has to be built up with information based on different sources, and collected and analysed by researchers and administrators with different backgrounds, perspectives and objectives. It seems virtually impossible to lump all these different materials together into one coherent history of Indonesian collective financial institutions. Nonetheless, both the anthropological literature and the statements of informants suggest that there is a trend of increasing diversification and an expansion of financial arrangements. The arisan Gerwani and the cooperative shops have

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1 The distinction is derived from Robertson (1982), who discussed institutional transformations in sharecropping arrangements.

2 The size of the regular contribution has been counted for full participation, contribution to arisan, special funds, and average instalments on loans. The relative importance of the financial arrangements is estimated vis-à-vis the time and attention spent on non-financial activities such as making speeches, chatting, playing cards, eating and drinking, and recreational trips.

3 A Dutch colonial administrator in the 1920s is probably more likely to overlook an arisan than a Dutch anthropologist in the 1990s. Hence, the fact that the administrator does not mention arisan in a report on the indigenous economy does not prove that they did not exist.
disappeared and there may have been other arrangements that left no trace, but the impression is that Bujungese today are much more involved in self-help organisations than their parents or grandparents were.

One may distinguish, like Bijnaar (forthcoming), two views of institutional transformation in financial self-help organisations. One perspective argues that transformation processes run parallel to other social developments. An example is the evolutionary perspective of Clifford Geertz (1962), who sees ROSCAs as representing a middle phase from a traditional to a market oriented society. Such a perspective could also be non-evolutionary, explaining institutional changes as the result of a blind process, without any particular direction (Hospes, 1996:159; Bouman, 1995a:122). The other perspective argues that transformations are the result of slow processes of cultural diffusion (Ardener, 1964:208-10). Both explanations play a role in the case of Bujung.

Ardener's view is a good explanation of growing diversity in financial arrangements. Through interaction with others people come into contact with other financial practices. Office cooperatives of civil servants brought the Bujungese in contact with the idea of a loan fund, after which they gradually spread through the kampung. Asman and Darmanto (Chapter Four) introduced linkage groups into Bujung. They have not yet become popular, but many people are now aware of this possibility. It is likely that previous innovations such as bidding arisan, emergency funds, arisan trah, and lotteries were introduced in much the same way. Perhaps commercial arisan were a novelty copied from ethnic Chinese.

However, the diffusion perspective is not sufficient to explains the growing popularity of financial self-help organisations in general. This increased popularity can be explained in terms of several pervasive social-economic and political processes. The first is a process that could be termed depatronisation. In the early colonial period, Java was then a predominantly agrarian society where landless labourers were closely tied to land-owning patrons. During the 19th century the landless class increased in number and labourers came into a less powerful position in which their bosses could more easily dismiss them (Hüskken, 1988:31-5; Breman, 1983:20). Many of them remained in the countryside where they tried to make a living as "wage

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4 See also Mai (1992).
5 References to Chinese ROSCAs (hui) appeared much earlier than references to arisan, and more commercial varieties were documented in the first half of the 20th century (see Ardener, 1964:202-3).
hunters and gatherers" (Breman, 1994). Many others moved to the cities to look for employment. In the first instance, there were opportunities to link up with small patrons who set up small enterprises producing for emerging urban markets (the horse cart companies and soybean cake factories of Bujung), but not for long. Today, apart from a few industrial pockets, primarily in the area around Jakarta, most urban labourers in Indonesia are self-employed or move from one employer to the other, in search of casual jobs. Because of this 'depatronisation', when adversities and deficiencies occur, people can only fall back on their own resources and on support they might receive from relatives and neighbours.

A second process is that of economic growth during the 1980s and 1990s. Although the poor have not reaped the fruits of prolonged Indonesian economic growth to the same degree as the wealthy have, they have increased their living standard substantially. Nowadays many people are able to consider the purchase of television sets, the construction of a brick house, education for their children and hospital treatment when they are ill. The urge to go at great lengths to enjoy these items and services also stems from a desire to engage in modern life, or from a fear of being left behind like a backward peasant. Because of this, people have an increased demand for lump sums to meet these expenditures. Financial self-help organisations are one of several efficient sources through which people can acquire lump sums, together with moneylenders, piggy banks and other forms of savings and credit.

Financial self-help organisations are also popular because they appeal to the 'traditional' Javanese values that have been promoted by both the Old Order and New Order governments. Cooperative organisations (including arisan and simpan pinjam) act like institutions fostering the culture of togetherness and helping one another, in spite of how far these ideas might be from reality. Financial self-help organisations fit neatly into the nationalistic ideology of an Indonesian-style economy - ideas that have been prominent from the days of Soekarno till the present. Credit cooperatives in particular have benefited from favourable financial policies, but other financial self-help organisations have enjoyed the benevolence of government agencies as well.

The Indonesian postcolonial state has also contributed to a receptive environment with its emphasis on a strong social structure based on residential units. Local leaders have managed to use collective financial arrangements to construct a foundation of regular neighbourhood meetings to strengthen the organisation of the kampung community. Over the years, the residents of Bujung have become more and more tied to the Rukun
The Diversity of Financial Self-help Organisations

Tetangga and Rukun Warga to which they belong. The institutional strengthening of these units made it difficult for residents to ignore their direct neighbours and consequently made them more interdependent. Its influence was particularly strong in the case of Bujung since local leaders focused on these units in their efforts to raise the community spirit after 1965. Strong and dense social networks are an essential precondition for the continued existence of financial self-help organisations. No matter how great the need for lump sums may continue to be, they will cease to exist if those networks dissolve.

5.4 On Confidence and Control Mechanisms

Why do people dare to invest their scarce money in arrangements where there is apparently little that keeps malevolents from running away with the kitty or not repaying their debts? For some reason, the participants believe that this will not happen. They trust that the other participants are honest, or they trust that the organisers are sufficiently able to keep them under control. Cope and Kurtz (1980:230) argue that ROSCA's "will not survive in societies where their main drawback, the threat of default, cannot be reduced to acceptable levels". Trust plays a "significant role in any exchange where each partner has clear expectations of the other, and where there is a time lapse between the exchange of goods or services" (Misztal, 1996:17).

5.4.1 The Problem of Trust

Much has been written on the distinction between confidence and trust. Luhmann (1988:97) makes the distinction based on the importance of choice. "If you do not consider alternatives (...), you are in a situation of confidence. If you choose one action in preference to others (...), you define the situation as one of trust." Consequently, trust enables people to take

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6 I do not agree with Holloh (1995:8), who claims that most financial self-help groups are initiated by recent government-linked institutions and programs. Without a doubt the Indonesian government has over the past decades had considerable influence on the general character of financial self-help organisations, but this does not mean that the government invented them. In any case, they only made adaptations to previously existing collective institutions.

7 It very rarely happens that participants and organisers of financial self-help organisations go to the courts in order to have swindlers and defaulters prosecuted.
risks, a prerequisite for economic activities. Confidence prevents people from becoming alienated as it reduces complexities (Luhmann, 1988:104). Schrader (1994:35) explains Luhmann's distinction in somewhat different terms: "Confidence is the expectation of not being disappointed (i.e. in a contingency of events) and trust is the solution to specific problems of risk (i.e. to be responsible for the consequences of one's own action)." In other words, it is the difference between expecting something to be in order, and considering the chance that things may go wrong. In the case of confidence, if something goes wrong, one blames the other for not doing what he should have done. In the case of trust, there is nobody else to blame but oneself. This distinction between trust and confidence, as made by Luhmann, stems from an attempt to characterise structural social differences between traditional and modern societies. It is meant to understand a process of social change rather than a specific social setting. "Whereas in smaller and more homogeneous communities people's judgements about the reputation of others were (...) the result of face-to-face contacts, in modern societies we tend to rely on more formal evidence of reputation" (Misztal, 1996:122).

Seligman's (1997) approach to the issue shows that the distinction between confidence and trust does not necessarily coincide with traditional and modern societies. Referring to Velez-Ibanez' work on Mexican ROSCAs (1983), he sees trust developing "in the interstices of a system", in conditions that are characterised by "uncertainty of context, indeterminacy of relationships, scarcity of resources and ambiguity of statuses" (see also Hart, 1988). Seligman (1998:393-5) makes a distinction between relying on people of whom one has detailed knowledge, what he terms confidence, and on those whom one does not know, i.e. trust. Economic actors try to keep control over the exchanges in which they engage by assessing the reliability of their partners. Past experiences play a crucial role as well as intimate knowledge about the other's background and objectives. Only if such detailed knowledge is not available, or only available to a very limited extent, do economic actors have to rely on trust.

Other authors focus attention on trust as a relational process. Sevenhuijsen and Brinkgreve (1999:4) for instance argue that "[t]rust should (...) not be seen as a thing, or a property of somebody, but rather as something relational and interactive". It is enhanced by mutually expected self-restraint, if people refrain from pursuing their own private interests. Rutherford (2000) argues that trust should be seen as a verb rather than a

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8 The distinction is basically mirrored by Giddens' differentiation between trust in people and trust in institutions (1990; 1994).
noun, and that trust is being made and remade. Granovetter (1985:487-93) sees the prevention of fraud also primarily from the perspective of social relations. If people know each other, they know that they can rely on each other, and they know that in the future they will also have to rely on each other. Brenner and Servet (1995:57) argue that such a relation should reflect proximity, "whether it be spatial, social, religious, etc". A similar view is Putnam's (1993:169), who sees trust as part of social capital, and social capital as the main security under ROSCAs. If people have been living or working together for a long time in a close-knit community, they have built up the social capital that serves as a foundation for ROSCAs. The ROSCAs, in their turn, produce (collective) social capital, that way once more increasing the community's solidarity.

Portes (1998:7-9) usefully discusses the various motivations for people "to make resources available to others on concessionary terms", in this case to fulfil their obligations to their fellow-participants. He distinguishes two dimensions. One represents the distinction between consummatory and instrumental motivations, or between value-oriented and goal-oriented motivations. The other represents the distinction between individual and socially induced motivations. More simply, Anthony (1998) distinguishes between trust based on shared values, and trust based on strategic interaction. Thus, participants in financial self-help organisations can refrain from fraud and default because they think that is the right thing to do, or they refrain from doing so because otherwise they will be punished in one way or another, for instance with fines or being ostracised (see also Bähre and Smets, 1999:54).

5.4.2 Fraud and Default in Financial Self-help Organisations

What are the things that participants in Bujung's financial self-help organisations might worry about? There are two different forms of abuse, that is, an act against the (unwritten) rules of the self-help organisations in order to gain financial benefits. There is fraud, using financial resources of the self-help organisation to one's own advantage while attempting to keep this hidden from the other participants. There is also default, meaning a failure to fulfil one's obligations with regard to paying contributions and instalments. Both forms directly harm the other participants financially, and

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9 Granovetter notes, however, that fraud can still occur, even if relations are strong. Strong relations can lead to collusion, abuse of trust and antagonism.
present a real risk to those who participate in a self-help organisation.\textsuperscript{10} These forms of abuse, if they occur on a large scale, can even pose a threat to the organisation as such.

Fraud in private \textit{arisan} and market \textit{arisan} is usually concerned with the way in which the sequence of the distribution of the kitty is determined. Cheating with bidding \textit{arisan} is an obvious possibility, but it is usually cheating with lotteries that comes out into the open. In Bujung, three different organisers were nabbed in recent years. They aroused the suspicion of the participants when relatives and close friends of the organiser kept on winning the lottery.\textsuperscript{11}

In the other types of financial self-help organisation, fraud usually takes the form of association leaders 'borrowing' money from the social fund, or any other fund, without permission and without noting this in the bookkeeping. These people usually try to repay the loan before the association needs the money. This is necessary in order to keep the act hidden, and that way to continue to have access to this 'private source of emergency finance'. However, in some cases, the association leader has borrowed more than he can repay, and sooner or later he will be exposed during the meeting. Often this will not be regarded as outright fraud and there is some general understanding that it is normal for treasurers to be tempted to do this. The treasurer of PWM is very open about the temptation: "I do not want to have the money in my house. I do not want to take that responsibility. Suppose someone wants to borrow money and the money is not here." The treasurer of UKK's social fund says that he takes the money to the bank because he is afraid of the temptation.

 Nonetheless, both fraud and default are very rare in Bujung's financial self-help organisations, and it seems that the confidence that most people have in financial self-help organisations is largely justified.

\textsuperscript{10} However, in many \textit{arisan} the organiser is solely responsible. Even then, the ordinary participants run the risk that the organiser is unable to compensate for the damage.

\textsuperscript{11} In the lottery, pieces of paper with the names of the participants are pushed into straws, which are put into a small jar or tin. The straws are shuffled until one of them falls out. The name on the piece of paper is the winner of the kitty. Fraudulent organisers can decide not to put in the names of all the participants but just one or a few names. This could be his own name, or the name of a relative or close friend. In some cases it also happens that the organiser can be bribed to do this. Another possibility for the organiser is to have a piece of paper with the name of the designated winner in his hand before the lottery. When the straw comes out, it can quickly be replaced with the other piece of paper.
Given the long presence of financial self-help organisations in Bujung, most participants have a lifelong experience with these organisations. They have grown accustomed to them and know that in most cases nothing goes wrong. They have the experience that these organisations can be good and beneficial as long as there are a good organiser and honest participants. Because of this, there is a relatively strong initial confidence when somebody wants to start an *arisan*.\(^\text{12}\) The reverse holds for insurance companies, to which most Indonesians are not accustomed, and are very suspicious of. This confidence in the institution is not enough, however. Participants will remain on their guard, especially if the organiser is new at the job and if they do not know all the other participants.

After all, the participants have also heard the few but often repeated stories about what can go wrong. Situations of 'take the money and run' make popular stories that carry far. There is the story of a market *arisan* at Kranggan, where one of the first receivers of the kitty fled. The organiser tried to find the defaulter but nobody knew where she had gone. For the rest of the cycle the organiser acted as if nothing had happened, but eventually she did not have the money to pay the final kitty. This last participant came to the organiser's house "and took all that she had, a television set, five freezers, clothes - everything." Another story is about an *arisan* at the same market. In that case the organiser died and her husband took over. He was more interested in women and ruined the whole business, leaving a loss for most of the participants.\(^\text{13}\)

Because they know that normally everything is okay, but that sometimes things go wrong, people can have confidence in financial self-help organisations, provided some essential requirements are in place. The horror stories 'teach' them to be alert. A few cases of default or fraud can ruin an

\(^{12}\) Imagine for instance how difficult it would be for me to organise an *arisan* with substantial contributions in The Netherlands. It would take a lot of time to explain the purpose of the arrangement. Then still it would be difficult to find more than a few people willing to join in such an 'exotic' enterprise.

\(^{13}\) I came across a number of newspaper articles with similar stories, about an organiser who ran away with tens of millions of rupiah (Suara Merdeka, 30\(^\text{th}\) Nov., 1999), two organisers of an *arisan* in Palembang who fled with one billion rupiah (Suara Pembaruan, 21st Feb, 1997), and the organiser of a bidding *arisan* in Pati who ran off with almost two billion rupiah (Suara Merdeka, 2nd Jan., 1998).
association, as we have seen in the cases of Guyub Rukun and Manunggal, where a snowball effect occurred.¹⁴

5.4.3 Trusting the Other Participants

A first requirement is that people should be able to trust the other participants. In contrast to banks and insurance companies, financial self-help organisations are strongly embedded in social relations between participants, or between participants and organisers. Through these relations it is possible to exert social control over participants who are about to default (Ardener, 1995:4).

If a self-help organisation has meetings, like the social SHOs and the public simpan pinjam, social control is expressed explicitly by the chairpersons. Whenever there is an occasional drop in repayments, the chairperson usually makes a corrective announcement, and says something like: "It has come to our notice that there is a certain shortfall in payments. We should keep in mind that the money in our fund belongs to each and every one of us. Therefore we should all make sure that everything goes in an orderly way, and I urge everybody to be punctual." In itself, such a statement is not so threatening, but defaulters know that after the meeting all members are entitled to ask the treasurer the name of the defaulters, which will certainly be revealed. The Bujungese have a general awareness of social control and the ability of the group or community to punish those who do not live up to common norms. Social control is a strong mechanism, which functions well in normal times, and apparently does not cease to function in times of economic crisis (Misztal, 1996:135). It is important in almost every self-help organisation in Bujung.

Consequently, default results in a damaged reputation. One consequence is that committing regular default in a financial self-help organisation makes it harder to obtain such small but crucial loans. The willingness among neighbours to provide personal loans is dependent on whether the borrower is seen as a 'good person' instead of a profiteer. However, a probably more important consequence of a damaged reputation is the resulting 'loss of face'. Many Bujungese say that they expect the other participants to fulfil their

¹⁴ It is worth noting that both Manunggal and Guyub Rukun were very new types of arrangement at the time when their default problems occurred. Both PWM, Manunggal's successor, and the new Guyub Rukun have been able to manage the default problem more effectively so far. In that sense, there is certainly a learning process in progress.
obligations. After all, "we are all the same". People say that because the participants live together or work together, they would not disadvantage each other. In other words, they expect their fellow-participants to be deeply embarrassed if they cheated in one way or another. Most Javanese, but not all of them, will be quite embarrassed if they have to face friends, colleagues or neighbours who know about their financial problems, and probably gossip about it behind their backs. With regard to financial problems, the Bujungese often referred to a *rasa malu*, a feeling of shame and embarrassment. One woman said that she did not dare to visit her richer sister because she thought her sister's neighbours would believe that she was only coming to ask for money. A man who could not repay a debt to a neighbour said that he could not sleep at night because he felt so ashamed. A civil servant told me that he did not save money at the office cooperative because he was afraid his colleagues would laugh when they saw the tiny amount in the annual report.\(^{15}\)

However, this cannot produce an entirely firm belief in compliance. As we saw in Chapter Four, some people seem to be immune to social control. Several informants showed that they had second thoughts about the trustworthiness of the people around them. "If there is money, there are rats", someone said. People are perfectly aware that there are many people in Bujung who live in dire straits and who might be tempted to accept social ostracism in exchange for some urgently needed cash. Trust in the other participants is even more shaky in all those financial self-help organisations in which most participants do not know each other, as is the case with credit cooperatives, market *arisan* and some public *simpan pinjam*. In those organisations, there is no knowledge available to judge other participants' trustworthiness and there are no relations through which to exercise social control.\(^{16}\) Altogether, the trust that people can have in their fellow-participants is in most cases limited and insecure.

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\(^{15}\) One might also recall Bu Timbul in Chapter Three, who was outraged when someone suggested that her son's motorcycle was bought with a loan. For a more extensive discussion on gossip and shame in a Javanese *kampung* see Sullivan (1992: 71-83) and Guinness (1986: 131-66).

\(^{16}\) It is remarkable that in the market *arisan*, where the largest sums circulate, individual members generally do not know one another. Kane (2001:187-9) encounters the same paradox when he discusses the issue of trust in different types of ROSCA in Senegal. He makes a basic distinction between ROSCA where each participant knows all the others, and ROSCA where only the organiser knows all participants. All the necessary cohesion depends on the relation between organiser and participant, but here too default is virtually non-existent.
5.4.4 Trusting the Organiser

A solution to this problem is generally sought in the person of the organiser. There are several reasons why organisers may be well suited to keep malevolent participants under control. First of all, many organisers are tough individuals. They should be able to take action against frauds and defaulters. One of these organisers says: "It is a tough job organising an arisan. People are often angry with me. But I have been taking part in organisations since I was young, so I am used to it. When I need to get tough, I am tough." Especially the organisers of private arisan and market arisan are known to be very tough (keras). Tough organisers cannot be palmed off with easy excuses. They confront the defaulter tenaciously until the money has been paid, though they rarely resort to threats or violence. Regarding one organising of a market arisan word went around that she exercised magical powers over her participants.

If a direct approach fails, organisers have to deal with a difficult dilemma. One option is to bring the act into the open, so that social control can do its work. The other option is to keep things quiet and advance the money personally in order to keep trust in the organisation from evaporating. Most organisers in the first instance choose the latter, threatening the defaulter with the first option (see Ardener, 1995:4-5).

Apart from acting against defaulters, organisers should also be tough in selecting who is allowed to join and who is not. Yanti, who participates in the market arisan of Bu Sehmi, has full confidence: "I am not afraid that other women will be unable to pay their contributions. Bu Sehmi checks whether they can afford it. There are also a lot of market women and they can certainly afford it. If there are one or two who cannot, they can sell gold, or sell the arisan, and at the market there are enough people who want to buy it." Organisers should refuse to accept applicants whom they consider a risk. Selected participants should be honest and responsible, have a lot to lose with their reputation, and they should be linked to others. In Guyub Rukun, after the recent wave of default, selection is quite strict. The secretary said:

"When there is a new member, he is obliged to pay the obligatory contribution at once, cash. This may mean that poorer people cannot afford to join us any more, but it is necessary to make sure that they can be trusted. We also go around asking for their credit record at a

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17 Cope and Kurtz (1980:229) conclude that selection is the most used control mechanism in Mexican ROSCAs. See also Bähré (forthcoming).
few other financial self-help organisations in which they participate.\textsuperscript{18}
If everything is all right, that applicant can join the group but is not allowed to borrow for the first three months. As a test, for these three months the new member should attend the meetings and pay all the contributions and follow all the rules and regulations. If the person turns out to be less trustworthy, he is given back the share and has to leave the group."

Control starts at the door, and a variety of selection criteria are taken into account. A first criterion is that participants should belong to the target group, in order to create homogeneous membership (Rutherford, 2000). For an arisan trah, they have to be relatives, for a market arisan they have to be customers, and for a pedicab group they have to drive a pedicab. Additional criteria may be that the participants have to have a stable and substantial income, that they own their own house, that they are registered inhabitants, or that they should have a sound financial and moral reputation. In some cases, one of the existing participants has to act as a guarantor for the new participant.

A second reason why organisers can generate trust is that the participants depend on them. Organisers of market arisan act as a gatekeeper to the market. Their participants regularly shop on the market to buy goods for their own small trading enterprise. They obtain regular bonuses from these suppliers and can buy goods on credit. If such a participant should default, access to the market, with all its carefully built up relations, would be blocked.\textsuperscript{19} A similar dependence exists with organisers who hold a central position within the community of the kampung. It is no coincidence that the board of UKK is made up of the chairmen of the RW. For each permit and official request, people need to see these kampung leaders to ask for a signature (Antlov, 1994:81-2). For the same reason, the head of the RT is a good candidate for administering a financial self-help organisation.

In this way, the organisers of financial self-help organisations in Bujung play a crucial role in establishing trust and confidence. They are the ones who are supposed to have a detailed knowledge of individual participants or to keep control over them. What then remains is: "who controls the controller?" He is more than anybody else able to cheat without the others knowing. This is a difficult problem. Some solutions have been found. Some

\textsuperscript{18}See also Schreiner and Nagarajan (2000).
\textsuperscript{19}On the interdependent relations between traders and suppliers see Alexander (1987). For similar relations in the Philippines, see also Hendriks (1994).
organisations keep the social fund in the bank. The bank account is in the name of the chairperson and the treasurer keeps the account document, so that neither can withdraw money without the other. The preference for empty funds should also be seen in this light. Between meetings *arisan* funds are empty by definition and in all *simpan pinjam* efforts are made to lend out the complete loan fund at each meeting. This is of course also connected to the desire not to leave any money unused, but the way in which it prevents fraud is more than welcome too.

For that purpose, participants also monitor organisers' activities. Irwanto for example said that he did not want to join the newly established PWM because the organisers accepted participants who were known to drink alcohol and gamble on card games. Organisers are judged on roughly the same criteria as participants. The organiser has to have the reputation of an honest person. It is helpful if he is known as a religious person, or related to other people or organisations which also have a good reputation. It helps if an organiser has a lot to lose from a bad performance in other areas of life. The organiser may, for example, need a good reputation for other activities, such as business or local politics.

When rumours circulated about a new credit cooperative for pedicab drivers, called Roda Tiga, many drivers were interested in joining the organisation. What added to their enthusiasm was that both the Sultan and Mbak Tutut, the daughter of the President, were said to be involved and supporting the cooperative. "They make it reliable. They do not want to have their name connected to a bad organisation", it was said. A few dozen pedicab drivers, many of them representing their group of drivers, went to the building where the first meeting was being held and there they met the actual initiator. It was the man several years before was held responsible for the bankruptcy of a *simpan pinjam* at the Tugu railway station. All the pedicab drivers I spoke to were thoroughly disappointed and did not want to join Roda Tiga.

There is also wide preference for an organiser who is either rich enough to be uninterested in fraud, or who has more to lose than to gain. This means that the rich traders at the market and the prominent figures in the *kampung* community are most frequently found as organisers of financial self-help organisations. As we shall see, this has direct consequences for decision-making processes, and indirectly for the social security function of financial self-help organisations.
5.4.5 Capturing Trust

The analytical distinction between confidence and trust seems to have limited relevance for Bujung's financial self-help help organisations, because Bujung is neither traditional nor modern. It is a place with frequent contacts and multiplex relations between neighbours, but is also a place where social control is limited and partly replaced by external control mechanisms. Bähre and Smets (1999) rightly show that both trust and confidence can simultaneously play a role in facilitating cooperation in financial self-help organisations. Different types of financial self-help organisation can be more or less based on either confidence or trust. In the obligatory arisan RT, for instance, participants have no choice but to have confidence. In market arisan, they willingly take a risk and trust the organiser. It is clear that Seligman's qualification of ROSCA s as typical trust-institutions, where participants do not know one another, does not apply to Bujung's financial self-help organisations. Participants and organisers of financial self-help organisations have detailed (though incomplete) knowledge about the others. If a person is not known, he is ineligible for participation.

The relational perspective of trust appears to be more fruitful. Although his presentation of ROSCA s is rather simplistic, Putnam's point that trust can be built up step by step is basically correct. This is precisely what one sees with many financial self-help organisations, and particularly with private arisan, in Bujung. Those organisations start out with small contributions and gradually expand after each cycle has been completed successfully, an observation that is shared by Anthony (1998) and Kane (2001:209-14). However, trust in financial self-help organisations is not entirely based on previous positive experiences. It is also based on control exercised over participants, knowledge of participants, and interdependence between participants. The three elements combined minimise the risk of fraud and default, though it remains impossible to achieve complete protection.

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20 It seems that, for some reason, ROSCA s require a relatively small degree of initial trust compared to other types of organisation because they often emerge first before other institutions (see also Bähre, forthcoming).

21 In other countries, default and fraud are controlled in much the same ways (Bijnaar, forthcoming [Surinam, The Netherlands]; Kane, 2001:189-203 [Senegal, France]; Bähre and Smets, 1999 [South Africa, India]; Smets, 1996:63-5 [India]; and Buijs and Atherfold, 1995:38-56 [South Africa]). Kane and Bijnaar also mention organisers who build up a guarantee fund as an insurance against default and organisers who control the sequence of payment in ROSCA s, placing the least trustworthy participants at the end.
5.5 Non-participation and Exclusion

Thus, exclusion of risky participants is one of the ways to control fraud and default in financial self-help organisations. Any social security function of these organisations is naturally only an option for those who participate in financial self-help organisations.

Given the obligatory character of arisan RT, there are hardly any people in Bujung who do not participate in financial self-help organisations at all. Those who do not participate are in the first place the children up to the age of fifteen and most elderly people who live with their children, except some retired civil servants who continue to join a special simpan pinjam for pensioners. A second group of non-participants are the so-called 'temporary inhabitants'. These are usually men who have come to Yogyakarta to look for work and live in Bujung with relatives or employers. They have left their families behind in the village and because they continue to regard the village as their home they do not register as Bujung inhabitants. Many of them are able to participate in financial self-help organisations in the workplace, although there they are sometimes excluded as well, because organisers consider their potential mobility to be a risk. Finally, a few permanent inhabitants also do not participate. They withstand social pressure to join like everybody else. These are generally the marginal people, including some poor scavengers but also most rich Chinese living along the main road. Their social marginality means that they cannot rely on neighbourly help in any way and are forced to take care of themselves, or rely on the support of relatives, employers, and so on. Yono is one of these people. He has a large family and is working hard as a construction worker and taxi driver. His wife participates like everybody else, but he himself is not interested in participating in the time-consuming social activities of his neighbours. Sometimes they pressure him to come to the meetings of the RT, but usually they just leave him alone. There are not more than a few dozen people like Yono in the whole kampung. It deserves emphasis that their exclusion from arisan RT is more related to their social marginality than the financial risk they would pose. The tiny contributions would present no problem for any of them.

Bijnaar found ROSCAs in the Netherlands where participants had to sign a contract before joining the scheme.

22 After this age they are expected to, and generally do, join the arisan for youngsters in their RT.
Despite the absence of children, the elderly, temporary inhabitants and socially isolated individuals, participation in *arisan RT* and similar social organisations is widespread in Bujung. In all the households in our survey, which admittedly was biased with regard to temporary inhabitants, there was at least one person participating in this type of financial self-help organisation. The number of people participating in financial self-help organisations with high contributions and big loans, the private *arisan*, market *arisan*, public *simpan pinjam* and credit cooperatives, is much lower. In some fifty percent of all households, one or more of the members was participating in an organisation providing lump sums larger than Rp.100,000. This proportion was more or less similar in the Atas and the Ledok, although Atas inhabitants more often turned to credit cooperatives and public *simpan pinjam*, whereas Ledok inhabitants had some preference for private *arisan*.\(^23\) An often-mentioned reason for not participating in these more expensive organisations is that they are afraid of being unable to fulfil their financial obligations, for example because they consider their income to be too low or too unstable. Others feel that they can save enough by themselves.

Tejo, a coolie, said about saving in *arisan*: "[Through *arisan*] you are also obliged to save money. However, in practice it does not always work that way. You are inclined to spend the money anyway and then you have to borrow to pay the *arisan.*" Samsudin, a civil servant, said: "I do not join the UKK because I am afraid that I will be tempted to borrow more than I can afford. My wife has joined UKK. She has her own business and that is what she is borrowing for. She is more responsible with money than me." Kun, a civil servant, remembers the moment when he withdrew from UKK: "In the end it was very wise to stop. We were very short of cash in those days. The loans we took were always only used to eat and it was very heavy to repay them. Once in a while we did not have the money and then we had to take an expensive loan from [a local moneylender]."

Whether someone considers participation in a self-help organisation to be too expensive or not can change over time. Most elderly people in Bujung said they left their *arisan* and *simpan pinjam* when they started working less. Another reason for people to quit is when a major breadwinner leaves the household or passes away. They might also do this if the income situation of

\(^{23}\) The exact proportion of people participating in large financial self-help organisations was unfortunately too difficult to establish because our survey gave figures that were clearly too low. The figure of fifty percent is based on counting in a limited part of the research area where I knew about participation rates in most households.
participants stays the same but the level of contributions is raised. Over the years arisan and simpan pinjam commonly grow financially, eventually requiring higher contributions than some of the members can afford.\textsuperscript{24}

Altogether, I would say that it is too simple to conclude that financial self-help organisations exclude the poorest, as is argued by Smets (1996:60-2) and Streefland (1996:94). Smets' analysis fails to take into account the strategies that can be used to solve problems of lack and irregularity of income,\textsuperscript{25} as well as the other, non-economic, criteria on the basis of which people are excluded. Even if the poor are effectively excluded from some arisan or simpan pinjam, they are usually able to retreat into cheaper organisations, together with others who have a similar income level. Even the poorest of the poor are able to save, and if they are excluded from participating in financial self-help organisations, this is more likely to be a result of social marginality than lack of income.

\section*{5.6 Power and Decision-making Processes}

There is a tendency in much of the literature on self-help organisations to implicitly assume that the decision-making power in self-help organisations is distributed equally over all the members. This is an assumption often gladly used by critics of classical development projects, which are criticised for failing to reach the poor and for failing to address the needs of the poor. Financial self-help organisations, they point out, are organisations of the poor themselves and are set up with the aim of addressing the needs of the members themselves. This picture serves its purpose very well in this useful debate, and of course it is true that the poor themselves are in most cases much better able to make themselves heard in small financial self-help organisations than in big World Bank projects. However, this stance is also

\textsuperscript{24} The exception: I also came across the case of a self-help organisation where plans to expand the organisation with a simpan pinjam were abandoned because the organiser felt that there were too many participants who could not afford it.

\textsuperscript{25} Smets even argues that these problems lead to a higher degree of exclusion from ROSCAs than from ASCRAs, an argument that is refuted by Schreiner and Nagarajan (2000). In Bujung, the poor tend to participate in ROSCAs whereas the non-poor prefer ASCRAs. This is more closely related to differences in cultural repertoire than to the level of their income.
often adopted outside this debate, and greatly oversimplifies the reality of decision-making processes within financial self-help organisations.26

The situation is clearly undemocratic in the self-help organisations that are not real associations but financial arrangements organised by individuals, such as the private arisan and market arisan. It is the organiser who decides, although there are some restrictions on the organiser. After all, he has to attract enough participants to keep the arrangement running. A wise organiser listens to complaints and demands from the participants, and will not ask for contributions that are too high or too low for most of them. Furthermore, the organiser also has to comply with the social conventions around arisan. He cannot take too big a cut from the kitty, and the form of the arrangement cannot be changed too far from the standard pattern. But ultimately it is the organiser himself who decides which rules are used to organise the sequence of the arisan. The organiser decides on the size of the contribution, the number of participants, who is allowed as a participant, and the ways in which the sequence is determined. Participants who do not like the rules should simply go to another arisan that is more in accordance with their wishes.

But even in the social SHOs and public simpan pinjam of Bujung, reality is not as fine as commonly implied. Although all members are allowed to express their opinion during the meetings and have a vote in the selection of their leaders, a small minority of influential individuals make most of the decisions. Though this happens in many other member-based organisations elsewhere in the world, the problem is exacerbated by what some informants called "Indonesian style democracy". This means that decision-making takes place on the basis of musyawarah, which is ideally an occasion to consult the opinions of all involved in order to come to a generally accepted decision. Most Bujungese claim to prefer this to Western style democracy, "where the majority are always repressing the minority", as Suryono put it. Whether this is an original cultural characteristic of the Indonesian people, a political construction of the New Order regime, or a mix of both, is less important.27 What matters is that it is deep-rooted in the minds of almost

26 See for instance Adams and Sahonero (1989); Von Pischke (1992:332-3); Smets (1996:14) and Bouman (1977; 1995b:374). It is remarkable that for example in the scholarly debate in household studies there is close attention to the study of internal conflicts and conflicting objectives, while these themes are generally missing in research on financial self-help organisations.

everybody in Bujung. It means that the chairperson of the organisation makes certain proposals to which nobody objects, after which they are automatically accepted. In many cases, the chairperson of a financial self-help organisation makes it appear as if he has asked the opinion of all members when he says: "I think we all feel that...." In reality he has not consulted more than a few people, but very rarely do any of the members object, or claim that he feels differently on that specific point. People of higher status are able to manipulate the outcome of consensus (Antlov, 1993:126; Von Benda-Beckmann, 1987:61-4). If members are critical of the organisers, it is unlikely that they will express this publicly during the meeting.

If decisions are too difficult and do create some discussion during the meeting, it is certain that no decision will be taken. A Sumatran student living in Bujung had observed this as well: "Javanese people are less likely to say that they do not agree with others. That is the reason why in meetings problems are always postponed. That is also why Suharto has been here for a long time. When a chairperson says that something has to be settled and nobody reacts to it, they leave it to that. They either decide that the problem is not important enough or that it is too difficult to solve."

All self-help organisations have people who are in charge, often a single organiser but sometimes also a board. These organisers are in a position where they can make or break the association, through the way they manage the money in the common fund, and through the way they control individual participants. This has implications for the social security dimension of financial self-help organisations. Arrangements targeted at social security can only become an element of the service package of self-help organisations if they have the consent and support of those who are most influential in the decision-making processes, and it is crucial to consider explicitly what their own personal objectives are. Organisers themselves

community to exercise control over its leaders, Mulder has a more neutral position, and Sullivan and Bowen unmask the concept as part of a wider political gotong royong ideology, targeted at exerting control and creating a new national tradition.

Von Benda-Beckmann explains the lack of resistance to a KUD-chairman on Ambon, on the basis of the widespread dependence on the man. However, in Bujung this is the case only to a limited degree. The docility also has to do with hierarchy and respect, and avoiding embarrassing situations.

Most literature on local leadership in Java concerns official leaders and their position between community and state (Antlov and Cederroth, 1994; Schulte-Nordholt, 1981; Quarles van Ufford, 1987). There is too little attention to the role of leadership in less official organisations such as arisan and simpan pinjam.
tend to be in a more favourable and more economically secure position than most of the other participants. This is one of the main reasons why they were selected as organisers in the first place (considering the aspect of trust and confidence). Most organisers are interested primarily in two things. First, they want the arrangements to run as smoothly as possible. A trouble-free organisation enhances the organiser's status. Therefore they will opt for those arrangements that are easier to control and involve the least amount of risk. In the second place, they are interested in acquiring lump sums at a cheap price. The latter applies especially to the organisers of big market arisan, whose main objective is to acquire working capital. It is not in the interests of organisers to engage in risky insurance arrangements, which protect against adversities and deficiencies that do not in fact threaten them.

5.7 Summing Up

From this chapter we can conclude that there is an enormous diversity of financial self-help organisations, and that they form institutions that can scarcely be qualified as static and traditional. Compared to financially oriented organisations, the socially oriented arisan and simpan pinjam are more widespread and better able to cross the boundaries between Ledok and Atas. One reason is that, as the financial dimension becomes more important, the differences in income level become more problematic. The other reason is the collective lack of trust between the two groups.

We have also seen that none of the financial self-help organisations have significant arrangements in the sphere of social security. It is true that most social SHOs, public simpan pinjam, and some credit cooperatives, do have a funeral fund, but these disbursements remain piecemeal support for those confronted with the adversity of a death. In hardly any case are there special provisions for other types of adversity and deficiency, such as those related to illness, unemployment, old age, and so forth, although they may represent pressing problems to the participants involved. Instead, the emphasis is on organising financial arrangements from which each participant can benefit equally, irrespective of his needs. As we will see in the following chapter, it depends ultimately on the individual participant and what he or she does with a self-help organisation, whether financial self-help organisations can offer protection against adversities and deficiencies or not.